



JCT LIMITED

# ANNUAL REPORT

## 2014-15

**BOARD OF DIRECTORS**

Mr. Samir Thapar

Chairman &amp; Managing Director

Ms. Priya Thapar

Director (HR)

Mr. Gordhan Bhojraj Kathuria

Dr. Ajit Kumar Doshi

Mr. Chander Mohan Bhanot

Mr. Suresh Kumar Singhala

Allahabad Bank Nominee

**Executive Director**

Mr Rohit Seru

**Chief Financial Officer**

Mr. M.P.S Narang

**Company Secretary**

Ms. Nidhi Goel

**Auditors**

S.P.Chopra &amp; Co.

*Chartered Accountants*

F-31, Connaught Place

New Delhi - 110 001

**Registered Office**

Village Chohal

Distt. Hoshiarpur

Punjab: 146024

Ph. No.: 01882-258780; Fax: 01882-258059

Email: jctsecretarial@jctltd.com

Website: www.jct.co.in

CIN: L17117PB1946PLC004565

**Units:**

Textiles : Phagwara (Punjab)

Filament : Hoshiarpur (Punjab)

**Corporate Office:**

305-309, 3rd Floor, Rattan Jyoti Building

18, Rajendra Place, New Delhi-110008

**Registrar & Share Transfer Agents****RCMC Share Registry Pvt. Ltd.**

B-25/1, 1st Floor, Okhla Industrial Area

Phase II, New Delhi-110020

Tel: 011-26387320-321-323

Fax: 011-26387322

Email: investor.services@rcmcdelhi.com

**BANKERS**

Allahabad Bank

Bank of Baroda

Punjab National Bank

Punjab &amp; Sind Bank

State Bank of India

State Bank of Patiala

State Bank of Travancore

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## JCT LIMITED

Corporate Identification No. (CIN) : L17117PB1946PLC004565  
Registered Office: Village Chohal, District Hoshiarpur 146 024 (Punjab)  
Tel: 01882 - 258780, FAX: 01882 - 258059  
Email ID: jctsecretarial@jctltd.com; Website: jct.co.in

### NOTICE

Notice is hereby given that the 66th Annual General Meeting of the Members of JCT Limited will be held on Tuesday, the 29th day of September, 2015 at 12:30 p.m. at the Registered Office of the Company at Village Chohal, District Hoshiarpur 146024 (Punjab), to transact the following business(s).

#### ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements of the Company including the audited Balance Sheet as at 31st March, 2015 and the statement of Profit and Loss for the financial year ended 31st March, 2015 together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Ms. Priya Thapar (DIN: 06742680), who retires by rotation, and being eligible, offers herself for re-election.
3. To ratify the appointment of the Auditors of the Company, and to fix their remuneration and to pass, with or without modification, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, pursuant to the recommendations of the Audit Committee of the Board of Directors, and pursuant to the resolution passed by the members at the 65th Annual General Meeting held on 25th September, 2014, the appointment of S P Chopra & Co., Chartered Accountants (Registration No. 000346N) as the Auditors of the Company, to hold office till the conclusion of the 68th Annual General Meeting, be and is hereby ratified, at a remuneration of Rs. 20,00,000/- to conduct the audit for the financial year 2015-16, payable in one or more tranches plus service tax as applicable, and reimbursement of out of pocket expenses incurred."

#### SPECIAL BUSINESS

4. Acceptance of Deposits from Members and/or Public under Section 73 And 76 of the Companies Act, 2013 and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:  
"RESOLVED THAT pursuant to provisions of Sections 73 and 76 of the Companies Act, 2013 ("the Act") (including any statutory modifications or re-enactments thereof) read with the Companies (Acceptance of Deposits) Rules, 2014 and subsequent amendment(s) thereof and any other applicable provisions of the Act and rules made there under and subject to such conditions, approvals and permissions as may be necessary under the Act or otherwise, consent of the members be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" and shall be deemed to include any Committee, which the Board may constitute to exercise its powers) to invite/ accept/ renew from time to time Unsecured Deposits from public and/ or members of the Company upto permissible limits as prescribed under Rule 3(4) of the Companies (Acceptance of Deposits) Rules, 2014 and on such terms & conditions as the Board of Directors of the Company in their discretion may deem fit and necessary".  
"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do such acts, deeds, things and matters as the Board of Directors may in its absolute discretion consider necessary or appropriate for such invitation/ acceptance / renewal of Deposits by the Company".
5. To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2016 and in this regard, to consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the appointment of M/s Goyal, Goyal & Associates, Cost Accountants (Firm Registration No. 000100) by the Board of Directors of the Company, to conduct the audit of the cost records of the Company's Textile and Filament Unit for the financial year ending 31st March, 2016, at a remuneration of Rs. 1,25,000 plus service tax as applicable and re-imbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified.  
"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to the above resolution".

By Order of the Board  
For JCT Limited

Place : New Delhi  
Dated : 13.08.2015

**Nidhi Goel**  
Company Secretary

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other member of the Company.

The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the Meeting. A Proxy Form is annexed herewith. Proxies submitted on behalf of companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

2. Members / Proxies / Authorised Representatives should bring the duly filled Attendance Slip enclosed herewith to attend the Meeting.
3. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business, under Item No. 4 & 5 above is annexed hereto.
4. A statement giving the details of the Director seeking reappointment under the accompanying Notice, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges is annexed herewith.
5. The Register of Members and Share Transfer Books of the Company will remain closed from September 23, 2015 to September 29, 2015 (both days inclusive).
6. Corporate Members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the relevant Board Resolution together with their respective specimen signatures authorising their representative(s) to attend and vote on their behalf at the Meeting.
7. All the Registers, as required as per the provisions of Companies Act, 2013 and applicable rules, will be available for inspection by the Members at the time of Annual General Meeting.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Registrar/Company.
9. Annual Report of the Company for the year 2014-15 with the Notice of the 66th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent in electronic mode to the Members whose e-mail addresses are registered with the Company and/or Depository Participants(s), unless a member has requested for a hard copy of the same. We further request shareholders to update their e-mail addresses with the Share Transfer Agent/ Depository Participants to enable the Company to send the required communication/ correspondence electronically. Physical copies of the aforesaid documents are being sent to those Members who have not registered their email addresses.
10. Members may also note that the Annual Report for the year 2014-15 and Notice of the 66th Annual General Meeting will be available on the Company's website, [www.jct.co.in](http://www.jct.co.in). Physical copies of the aforesaid documents will also be available at the Company's Registered Office at Village Chohal, Dist. Hoshiarpur, Punjab, for inspection during normal business hours on working days.

**11. Voting through electronic means:**

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the Company is pleased to provide its members the facility of remote e-voting' (e-voting from a place other than venue of the AGM) to exercise their right to vote at the 66th Annual General Meeting (AGM). The business may be transacted through e-voting services rendered by National Securities Depository Limited (NSDL). The facility for voting, through polling paper shall be available at the venue of the 66<sup>th</sup> AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

The Company has appointed Ms Seema Sharma, Practicing Company Secretary as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.

1. The instructions to members for voting electronically are as under:-

A. In case of Members receiving the Notice in electronic mode:

- a) Open e-mail and then open PDF file viz., "JCT Limited e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains the User ID and password for e-Voting. Please note that the password is an initial password.



- b) Launch internet browser by typing the following URL in the address bar: [www.evoting.nsdl.com](http://www.evoting.nsdl.com) Click on "Shareholder" - "Login".
  - c) Enter User ID and password as initial password noted in step (a) above. Click "Login".
  - d) Password change menu appears. Change the password with new password of your choice with minimum 8 digits or characters or a combination of both. Note the new password.
  - e) Home page of 'e-Voting' opens. Click on "e-Voting" icon and select "Active E-voting Cycles" and select 'EVEN' of JCT Limited.
  - f) Now you are ready for "e-Voting" as "Cast Vote" page opens.
  - g) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - h) Upon confirmation, the message 'Vote cast successfully' will be displayed. Once you have voted on the resolution, you will not be allowed to modify your vote.
  - i) Institutional shareholders (i.e. other than individuals, HUFs, NRIs, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board resolution/authority letter etc., together with attested specimen signature of the duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer through e-mail at [pcs.seemasharma@gmail.com](mailto:pcs.seemasharma@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- B. In case of Members receiving the Notice by post:
- a) User ID and initial password is provided in the Proxy-cum- Attendance slip.
  - b) Please follow all steps from Sl. No. (b) to (i) mentioned in (A) above, to cast your vote.
- C. Members already registered with NSDL for e-Voting can use their existing User ID and password for Login.
2. Members can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  3. In case of any queries, Members may refer to the "Frequently Asked Questions (FAQs) for Members" and "e-Voting user manual for Members" available at the "Downloads" section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  4. The e-voting period commences on 26<sup>th</sup> September, 2015 (09.00 a.m.) and ends on 28<sup>th</sup> September, 2015 (05.00 p.m.). During this period, shareholders of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date 22<sup>nd</sup> day of September, 2015, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
  5. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
  6. The results, along with the Scrutinizer's Report will be placed on the Company's website [www.jct.co.in](http://www.jct.co.in) and on NSDL's website [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the same is declared by the Chairman or a person authorised by him in writing. The same will also be communicated to the BSE Limited, Mumbai.

## **EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013**

### **Item No. 4**

The Members had approved through Postal Ballot, the last date of voting for which was 06.02.2015, the Scheme to invite/accept/renew the Public Deposits as per the provisions of Companies Act, 2013 read with applicable Rules. Pursuant to above, Board of Directors had approved the Circular for Public Deposit i.e. DPT 1, in their Board Meeting held on 12.02.2015. The Registrar of the Companies had approved the same on 25.02.2015.

As stipulated in the Companies Act, 2013, the said Circular is valid till six months from the end of Financial Year or till the date of Annual General Meeting whichever is earlier.

In lieu of upcoming expiry of the said circular, the Board of Directors proposed to continue the scheme and in compliance of the provisions of Sections 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014, the approval of the Members (Shareholders) by way of Special Resolution is being sought for inviting and accepting/renewal of unsecured fixed deposits beyond the date of Annual General Meeting.



The Board of Directors of the Company had approved this item in the Board meeting held on 13th August, 2015 and recommends the resolution for approval of Members of the Company as a Special Resolution.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in anyway, concerned or interested, financially or otherwise, in the resolution except to the extent of any fixed deposit that may be placed with the Company in future by them or their relatives etc.

**Item No. 5**

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. Goyal, Goyal & Associates, Cost Accountants, to conduct the audit of the cost records of the Company for both Textile & Nylon Filament Units, for the financial year ending 31<sup>st</sup> March, 2016 as per the following details:

- Textile Units : Rs. 87,500/- & Service Tax
- Filament Unit : Rs. 37,500/- & Service Tax

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2016.

The Board recommends the Ordinary Resolution set out in Item No. 5 of the Notice for approval by the members.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

By Order of the Board  
For JCT Limited

Place : New Delhi  
Dated : 13.08.2015

**Nidhi Goel**  
Company Secretary

**Additional Information on Directors (Seeking Appointment / Re-Appointment) As Required Under Clause 49 of the Listing Agreement****PRIYA THAPAR (DIN: 06742680)**

Ms Priya Thapar is a Whole Time Director (Human Resource) of the Company. She joined the Board of the Company in November, 2013.

Ms. Priya Thapar has done Bachelor of Business Administration with major in Marketing and B.A. in Fashion Merchandising from American College in London(ACL). She has also done Bachelor of Business Administration from London School of Economics and Bachelors in Interior Design from Parsons School of Design besides degree in History of art from Sothebys London.

**Nature of expertise in specific functional areas**

Ms Priya Thapar has a vast experience in Human Resources, Marketing, Administration and Finance. She was associated with Organic World India in introducing the first ever concept of Organic Lifestyle Brand in India.

She is not holding any position of Director/ Chairman/ Member of any Committee in any Company other than JCT Limited. She is holding 2,60,000 Equity Shares in the Company

**Disclosure of relationships between directors inter-se:**

She is sister of Mr. Samir Thapar, Chairman and Managing Director of the Company.





## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

### Dear Members

Your Directors are pleased to present the 66<sup>th</sup> Annual Report on the affairs of the Company together with Audited Financial Statements for the financial year ended 31<sup>st</sup> March 2015. The Management Discussion and Analysis is also included in this Report.

### 1. Financial Highlights

(₹ in lacs)

	2014-15 (12 Months)	2013-14 (6 Months)
Gross Income from operations	102,214	49,224
Other Income	777	482
Profit before Interest, Depreciation, tax and Exceptional Items	7,103	3,664
Interest and financing charges	3,366	1,706
Depreciation and amortization Expense	2,758	1,656
Exceptional Items		
- Profit/ (Loss) of Discontinuing Operations	(102)	(51)
Provision for Tax		
- Current Year	-	-
- Earlier Year	-	(83)
Net Profit	878	334

### 2. Transfer to Reserves & Dividend

No amount is appropriated from Profit and Loss Account and transferred to any Reserve Account. In view of accumulated losses, the directors are unable to recommend any dividend.

### 3. Outlook of the Economy

As per the latest GDP growth estimates, Indian economy grew by 7.4% in FY 15 compared to 6.9% in FY 14, mostly driven by improved economic fundamentals and revision of GDP methodology calculations. Even inflation showed signs of moderation, a welcome sign - wholesale price and customer price inflation declined to 4.2% and 7.4% respectively, compared to last year's 6.3% and 10.1%. Reduced inflation, falling crude oil prices, stable Rupee, improved purchasing power and consumer spending, higher capital inflows supported by the government policy reforms have already put India on an accelerating growth track and improved business outlook.

The Indian Textile Industry counts among the leading textile industries in the world; its role in the country's economic growth is significant. It accounts for 14% of India's total industrial production and 4% of India's GDP. After witnessing challenges during FY 13 and most part of FY 14 given unfavorable economic conditions, the Indian textile and garment sector has seen reversal of trends in second half of FY 14. With domestic and global economic conditions improving gradually alongwith the focus made by Ministry of Textiles, Indian textile and garment sector is set for growth. It has the potential to double itself in size over the next 6-7 years. Among the major competing nationals,

China is losing its competitive advantage in textiles mainly on account of increasing labour costs, appreciating Yuan, rising power costs, focus on domestic market and also due to conscious strategy to move higher value addition industries. Other major exporting countries like Pakistan and Bangladesh are facing geo-political issues. In this scenario all major export markets like USA, Europe and Australia are increasingly looking to shift a large portion of their sourcing pie. India is well placed to fill this gap since its entire major costs like cotton, yarn, power, wages, dyes and chemicals are today globally competitive. In addition, the government also has been supportive for the industry and in order to unlock the complete potential of India, more efforts are needed from the industry as well the government.

'Make in India' campaign covering 25 sectors, including the textile and garment industry has put in place the logistics and systems to address in a timely manner queries of potential investors. At present, the Government of India (GOI) allows 100% foreign direct investment under the automatic route in the textile sector, subject to all applicable regulations and laws, which effectively backs the make in India program for the textile and garment industry.

The Cabinet Committee on Economic Affairs late in August 2014 gave its approval for continuing the Textile Up-gradation Fund Scheme (TUFS) during the 12 plan period with major focus on power looms in accordance with the Budget announcement for the financial year 2013-14.

### 4. Business Strategy

The last two years were very challenging for the Textile Industry as a whole due to less demand from the West, this played havoc with the capacity utilization. The low demand put pressure on the prices, which headed southwards. The input costs also remained very high like power & fuel, labour cost and transportation cost due to hike in fuel cost. During the last few months, there have been medium surge in demand from the export with very less support from domestic front. In order to gain advantage of this changed situation the team in JCT has worked on format wherein they have tried to reduce WIP by better coordination and faster money inflow with the available resources on which the company has been working till date. This complete revamping of thought has led to gaining of confidence of the customer and the supplier. Market is expected to improve in the near future as demand expected to surge owing to change in market situations in overseas and domestic business owing to seasonal demands. The emphasis of the management is to run the plants at optimum level and remove bottlenecks in Operations.

The Company entered into a new segment of Home Furnishing last year with the brand JCT Homes. The market response has been quite good and the company expects a substantial volume for the full year during the financial year 2015-16. It is a capital intensive segment. The company has also entered into a new product line of Technical Textiles and the response from the customers has been encouraging. It requires specific fibers which is



not available in India and needs to be imported. The margins in both, Home Furnishing and Technical Textiles have been quite good.

In Nylon Filament Unit, technology up-gradation would be main thrust going forward to remain competitive in the market, the unit is to upgrade itself in coming years. Since market is growing at considerable pace, other manufacturers are in expansion mode by installing Fully Drawn Yarn (FDY) machines. In order to compete with FDY product, unit is exploring lower capital cost possibility to substitute LOY (Low Oriented Yarn). The unit is exploring possibility of making Nylon Fibre, which is being used as replacement of natural fibre like wool.

## **5. OPERATIONS**

### **Textiles:**

The performance of textile unit during the year under review has been very encouraging and turnover crossed all time high of Rs 600 Crores. The unit, besides producing yarn for in-house requirement, produced for market also sold around 250 MT / month. With minor debottlenecking, the unit has now been producing technical yarn on conventional machines. The unit upgraded Continuous Dyeing Range - I, and revamp 50 TPH Boiler with minor investments to improve upon the working of processing department and boiler efficiency.

There have been substantial initiatives in Synthetic Fabric (Taffeta) Unit like introduction of Dope Dyed Fabrics, outsourcing grey fabrics to optimize the processing capacity and R&D to use indigenous coating chemicals without compromising on quality.

### **Nylon Filament Yarn:**

The Filament unit has emerged as top Textile Grade Nylon Yarn manufacturer in India despite higher & cheaper imports are coming to India through ASEAN Countries. The unit managed to sell 13601 MT of filament yarn and 199 MT of nylon chips. The raw material, Caprolactum, being petroleum product remained in the range of Rs 145/- per kg to Rs 157/- per kg before falling to Rs 112/- /per kg at the fag end of FY 15. The realization, too, remained more or less stable throughout the year in the range of Rs 260/- to Rs 270/- per kg.

## **6. FINANCE**

The Company has been meeting its repayment obligation as per the terms of restructuring under CDR mechanism. The scheme has been implemented fully except of the filing of charge under CDR Scheme which could not be filed due to the Order of the Hon'ble High Court of Punjab at Chandigarh. However, all the immovable and moveable assets including current and book debts are charged with the secured lenders in earlier years. The company is grateful to lenders for their continued support.

## **7. SHARE CAPITAL**

During the year under review, the Company has not issued shares with differential voting rights. The Paid-up Capital

as on March 31, 2015 was Rs. 16319.82 Lakhs divided into 55,67,92,649 Equity Shares of Rs. 2.50 each, 10,00,000 Optionally Partially Convertible Preference Shares of Rs. 100 each and 14,00,000 Optionally Convertible Preference Shares of Rs. 100 each.

## **8. FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)**

The company could not redeem the outstanding FCCBs of US\$ 12.49 million alongwith redemption premium. The Trustee of the FCCB holders filed a winding up petition with Punjab & Haryana High Court at Chandigarh on 29th September 2012. The Winding up petition was disposed of by the Hon'ble High Court on 27th January 2015. The Hon'ble Court directed the Company to pay 25% of dues within 6 months and balance thereafter unless rescheduled. Further, the Company has been restrained to create further Charge. The Appeals have been filed against the Order with the Senior Bench of Punjab & Haryana High Court at Chandigarh by the Trustee and the Company on various grounds which are pending disposal. Notwithstanding the aforesaid appeals, the Company continues to negotiate / discuss with the FCCB holders for the settlement of dues. The Company is hopeful of an amicable resolution of the dispute through negotiation.

## **9. DEPOSITS**

During the year Company accepted fixed deposits of Rs.149.43 lakhs which were covered under Chapter V of the Companies Act 2013. Deposits of Rs.380.54 lakhs including unclaimed of Rs 10.08 lakhs accepted prior to 1.4.2014 will be paid as and when due and claimed. Out of unclaimed fixed deposits amounting to Rs.6.31 lakhs were paid subsequently. The Company is regular in repayment and servicing of interest on fixed deposits.

## **10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## **11. CORPORATE GOVERNANCE**

As per Clause 49 of the Listing Agreement with the Stock Exchange, a separate report on Corporate Governance practice followed by the Company, together with a certificate from the Company's Auditors confirming compliance forms an integral part of this Report.

Pursuant to Section 177(8) of the Companies Act, 2013, the composition of the Audit Committee is given in the Corporate Governance Report.

## **12. AUDITORS**

### **Statutory Auditors**

M/s S.P. Chopra & Company (Firm Registration No.000346N), Chartered Accountants, were appointed as Statutory Auditors of your Company at the last Annual General Meeting held on 25.09.2014 for a term of three consecutive years. As per the provisions of Section 139





of the Companies Act, 2013, the appointment of Auditors is required to be ratified by the Members at every Annual General Meeting.

The Report given by the Auditors on the financial statements of the Company is self explanatory and is a part of the Annual Report. However, in respect of certain observations made by the auditors in their Report to the members of the Company, directors have to submit that (a) the redemption of FCCBs was due on 8th April 2011, for US\$ 25.42 million alongwith redemption premium. The dues for FCCBs of US\$ 12.93 million were settled by conversion into equity shares. The holders of balance outstanding of FCCBs of US\$ 12.49 million filed a winding up petition in Punjab & Haryana High Court on 29.09.2012. The winding up petition has been disposed of by the Hon'ble Court and directed the Company to pay 25% of the dues within 6 months and balance thereafter unless rescheduled and company is restrained from creating further charge. The appeals have been filed by both parties on various grounds which are pending disposal. Notwithstanding the aforesaid appeal, the company continues to negotiate / discuss with the bondholders for the settlement of dues. Non-provision of Rs 2258.73 lakhs towards yield protection is considered necessary as the matter is sub-judice and under negotiation / discussions with bondholders; (b) delay in deposit of statutory dues were for very short period due to non-availability of funds timely; (c) delay in respect of cheques by the depositors led to delay in clearance of cheques; (d) The financial statements have been prepared on going concern basis although accumulated losses have eroded substantial net worth, on the strength of continued support from the promoters, bankers / other lenders and likely gain from sale of proposed non-core assets which will reduce the debt of the company substantially; and (e) Uncertainty related to outcome of the appeal filed with Courts of Appeals at Malaya for a claim of Rs 788.25 lakhs by ex-employees of CNLT, Malaysia; The Company made an advance payment of US\$ 890,000 for purchase of yarn to CNLT, Malaysia now under liquidation in December 2006. CNLT could not supply materials in time and JCT suffered a loss and demanded compensation from them. CNLT, Malaysia refunded US\$ 1,250,000 in June 2007 as refund of advance alongwith compensation. On the petition filed by the ex-employees of CNLT, the Hon'ble Court at Malaya directed company to return the entire amount. JCT appealed against the order with Courts of Appeals in Malaya which is pending disposal. The company is legally advised that provision of said contingency is not necessary as the appeal against the said order will most likely be allowed.

#### **Cost Auditors**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules 2014, the cost audit records maintained by the Company in respect of its textile and filament yarn units are required to be audited.

The Board of Directors, on the recommendation of the Audit Committee, has appointed M/s Goyal, Goyal & Associates, Cost Accountants, as Cost Auditor of the Company for the financial year 2015-16 at a remuneration of Rs. 1,25,000/- plus service tax as applicable and reimbursement of out of pocket expenses. As required under the Companies Act, 2013, the remuneration payable to Cost Auditor is required to be placed before the members for ratification. Accordingly, a resolution seeking members' approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting.

The cost audit report for the financial year 2013-14 was filed with the Ministry of Corporate Affairs on 26th September, 2014.

#### **Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed Ms. Seema Sharma, Whole Time Company Secretary in Practice (C.P No.4397) to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith as Annexure 'A' and forms an integral part of this Report.

There is no secretarial audit qualification for the year under review.

### **13. EXTRACT OF THE ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT - 9, as required under Section 92 of the Companies Act, 2013, is included in this Report as Annexure 'B'

### **14. STATUTORY DISCLOSURES**

#### **Conservation of Energy, Technology Absorption & Foreign Exchange Earnings & Outgo**

The particulars relating to energy conservation, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in Annexure 'C' to this report.

#### **Particulars of Employees**

The information required under section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Director's Report for the year ended 31.03.2015 is given in a separate annexure to this report. The above annexure is not being sent along with this report to the members in line with the provisions of section 136 of the Act. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The aforesaid Annexure is also available for inspection by the Members at the Registered Office of the Company, 21 days before the 66th Annual General Meeting and upto the date of ensuing Annual General Meeting during the business hours on working days.



None of the Employees listed in the said annexure is a relative of any Director of the Company. None of the employees hold (by himself or alongwith his spouse and dependent children) more than 2% of the equity shares of the Company.

## **15. DIRECTORS**

### **Changes in Directors and Key Managerial Personnel**

During the year under review, there was no change in the Board of Directors and Key Managerial Personnel.

Ms. Priya Thapar will retire at the forthcoming Annual General Meeting of the Company and being eligible, offer herself for re-appointment.

### **Declaration by Independent Directors and re-appointment, if any**

All independent directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

### **Formal Annual Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its constituted Committees from time to time. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

### **Remuneration Policy**

The Board of Directors has framed a policy which lays down a framework in relation to criteria for selection, appointment, remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The policy is stated in the Corporate Governance Report.

### **Number of Meetings of Board and its Committees**

The details of the number of meetings of the Board held during the financial year 2014-15 forms part of the Corporate Governance Report.

## **16. WHISTLE BLOWER POLICY:**

The Company has a Vigil Mechanism named Whistle Blower Policy to deal with the instances of fraud and mismanagement, if any. The details of Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

## **17. RELATED PARTY TRANSACTIONS**

All transactions entered with Related Parties were on arm's length basis and in the ordinary course of business. There were no material significant related party transactions made by the Company during the year under review with the Promoter/Directors or Key Managerial Personnel. All related party transactions are placed before the Audit Committee as also to the Board for approval and omnibus approval was obtained on a quarterly basis for transactions which are of repetitive natures. The policy on related party transactions as approved by the Board has been uploaded on the website of the Company. None of the Directors has

any pecuniary relationship or transactions vis-a-vis the company. During the year ended 31.03.2015, there was no transaction under Section 188 of the Companies Act, 2013, therefore, form AOC-2 is not applicable to the Company.

## **18. RISK MANAGEMENT**

Pursuant to Section 134 (3) (n) of the Companies Act, 2013 & Clause 49 of the Listing Agreement, the company has constituted a Risk Management Committee. The details of the committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board Report. It may be noted that at present none of the identified risks is such which may threaten the existence of the company.

## **19. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

There are no significant and material orders passed by the Regulators / Courts that would impact the going concern status of the Company and its future operations. However, pursuant to a petition filed by the ex-employee of CNLT, Malaysia (under liquidation), the Hon'ble Court of Malaysia at Kuala Lumpur in its Order dated 13.06.2014 directed the Company to return US\$ 12,50,000. The Company has filed an appeal against the said Orders with the Courts of Appeals at Malaysia, which is pending disposal.

## **20. INTERNAL CONTROL SYSTEMS**

Company has a well established and effective internal control and risk-mitigation system in all areas of its operations, including suitable monitoring procedures and competent and qualified personnel. In addition to statutory audit, financial controls are reviewed by independent agency of internal auditors, who report their findings to the Audit Committee of the Board. The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken. The Company conducts its business with integrity and high standard of ethical behavior and in compliance with the laws and regulations.

## **21. CORPORATE SOCIAL RESPONSIBILITY**

As a part of its initiative under the "Corporate Social Responsibility" (CSR) drive, the Company has set up Corporate Social Responsibility Committee (CSR Committee) as per the requirement of the Companies Act 2013. The CSR policy was approved by the Board of Directors and has been uploaded on the Company's website i.e. [www.jct.co.in](http://www.jct.co.in). The list of Programs and other imperative information of CSR is mentioned in the said policy.

The members of the CSR Committee are Mr Samir Thapar - Chairman & Managing Director, Ms Priya Thapar - Director HR and Mr Gordhan Bhojraj Kathuria - Independent Director. Due to the accumulated losses the average net profit of last 3 years is coming as negative, hence the